

REPORT OF THE SECERETARY OF THE AIR FORCE

After September 11, 2001, the words “clear and present danger” acquired a new meaning for America and its allies. This nation’s safety and security are at risk, both here and abroad. We are facing an unprecedented array of asymmetric threats from terrorists and rogue nations, potentially with access to weapons of mass destruction. We are fighting wars — and endeavoring to win the peace — in Iraq and Afghanistan, and responding to critical missions at flashpoints around the globe. We are poised to defend America’s interests wherever threatened.

The Global War on Terror has forced us to rethink the nature of military force as well as the infrastructure that is designed to support multiple warfighter missions. In this era of uncertainty, a key challenge for the United States as a worldwide power is that it must be prepared to contend with a broad array of threats and operational contingencies in a war without clearly defined rules of engagement.

We recognize that much work remains to consolidate our military victories abroad. Yet, the lessons from these campaigns validate the incredible capabilities of our armed forces. They demonstrate the maturity of our ability to plan and execute an array of complex, integrated, and simultaneous coalition operations designed to support objectives across the spectrum of conflict, from global strike to humanitarian relief. As advanced military capabilities proliferate among potential adversaries, we need to keep pushing technology forward. We must be driven by more flexible and responsive planning and budgeting, better risk management, shorter procurement decision cycles, and a resolve to integrate all of our combat, information, and support systems into an architecture of joint air and space capabilities.

We will continue to move our expeditionary Air Force closer to realizing the transformational imperatives of this new era, including machine-to-machine digital integration of manned, unmanned, and space assets, as well as real-time global command and control of joint, allied and coalition forces. Our overarching objective is to provide a global warfighting architecture that ensures America’s joint forces will always have air dominance and operational fires on demand, whatever the level of conflict, whenever and wherever it is required.

To achieve our end-state as America’s Future Total Force in air and space capabilities, we have established the following strategic planning objectives:

- Create a strategy-focused, capabilities-based organization, linking clearly defined strategic objectives to Air Force Concepts of Operation (CONOPS). CONOPS will define and articulate Air Force requirements.
- Enhance integrative mechanisms within the Total Force, with other services, with allies and coalition partners, and with governmental agencies.

- Define the Air Force's future force structure in terms of Air and Space Expeditionary Force (AEF) capabilities needed to achieve desired effects and support the National Security Strategy.
- Define the Future Total Force (FTF) mix and adopt new organizational concepts to better leverage all elements of our Service.
- Determine the fundamental manpower and organizational tenets that will shape the demographics of the future Air Force – core and non-core activities for active duty and reserve Air Force personnel, potential divestitures, and outsourcing.
- Assess the infrastructure required to support our future force structure.
- Increase the speed and efficiency of our approach to the way we conceive, develop, prioritize, acquire, deploy and sustain our weapons and support systems so needed capabilities are available quickly and on budget.
- Implement a streamlined Air Force planning, programming, budgeting and execution process.
- Restructure our existing Performance Management Program to more closely align with OSD's Balanced Scorecard for Risk Management. The AF Effects Management Program will provide an essential framework for driving our strategic priorities, defining how well the Air Force is achieving its strategic goals measured against real-world performance, risks and investment decisions.

In the years ahead, the Air Force must be prepared for a number of challenges:

- America's strategic planners must develop new concepts of deterrence to counter a wide range of non-traditional adversaries and asymmetric threats. The time-critical and precise application of air and space power will be a key component in many scenarios.
- New technologies are now widely available to potential adversaries around the world, including deep strike and intelligence, surveillance, and reconnaissance (ISR), as well as missiles and various weapons of mass destruction.
- Because of the diminished protection afforded by geographic distance, the Air Force's role in homeland security as the "first line of defense" will increase.
- The Department has reduced presence at forward bases. As a result, the Air Force must continue to refine its expeditionary culture and strategic agility.
- The nature of joint, allied and coalition operations is changing, which will require more interoperability and precise real-time command and control in air and space operations.
- The speed of information will require the United States to achieve decision cycle dominance to strike adversaries before they can mount an effective defense.
- There will be an increased demand for precision in warfare, and the need to field capabilities that can deliver timely, desired effects while minimizing collateral damage.
- The Air Force must reduce the ability of adversaries to attack and disrupt the American warfighter's reliance on information and assure jam-resistant, secure, survivable C4ISR (Command, Control, Communications, Computers, Intelligence,

Surveillance and Reconnaissance). We will require robust, effects-based information operations capabilities that can deny, manipulate, or significantly degrade adversary C4ISR.

- The demands of the global environment will require the joint force to counter various anti-access strategies by adversaries, defend our freedom to operate in space, and field a 24/7 persistent, rapid, and stealthy global strike capability.

The Report of the 2001 Quadrennial Defense Review provided a new risk management planning and decision-making framework to help the Defense Department and the Services balance investment priorities against performance risks in meeting the critical requirements of America's National Security Strategy.

To achieve our vision of an agile, responsive, and capabilities-based future Air Force, we have adapted the Defense Balanced Scorecard as the basis for gauging overall strategic performance, risk mitigation factors, organizational status, real warfighter value, financial outcomes, and return on investment. Using this process, our goal is to provide joint combatant commanders with a portfolio of warfighting advantages — the tools and resources they need.

FORCE MANAGEMENT RISKS

Air Force lethality, mobility, speed, precision, and the ability to project U.S. military power around the globe provide combatant commanders the capabilities required to meet the nation's military requirements and dominate our enemies. Consistent with the Department of Defense (DoD) focus on Joint Operating Concepts, we will continue to transform our force — meeting the challenges of this new era, adapting our forces and people to them, and operating our service efficiently. We will adopt service concepts and capabilities that support joint operations and capitalize on our core competencies. To sustain our dominance, we develop professional Airmen, invest in warfighting technology, and integrate our people and systems together to produce joint warfighting capabilities and decisive battlespace effects.

Our focus for the ongoing management and development of Air Force personnel will be to define, renew, develop, and sustain the readiness of our Total Force.

Defining Our Requirements

To meet current and future requirements, we need the right people in the right specialties. The post-September 11 global security environment has taxed our equipment and our people, particularly those associated with force protection, ISR, and the buildup and sustainment of expeditionary operations. To meet the demands of this new steady state, we have realigned key personnel with specialized skills into our most stressed career fields and hired additional civilians and contractors to free military members to focus on military-specific duties.



Stressed Career Fields Manpower Reallocations

AFSC	Title	ORIGINAL Stress Level	New Stress After Manning Adjustments	3% Of Career Field (UMD)	20% Of Career Field (UMD)	Manpower Action (3704)	FY 04 SPLIT (70%)	FY05 SPLIT (30%)
1N3	Cryptologic Linguist	2.02	2.38	44	299	299	209	90
2F0X1	Fuels	1.63	1.77	114	760	424	297	127
7S0X1	Special Investigations	1.68	1.68	23	154	154	108	46
3M0X1	Services	1.57	1.67	131	879	195	137	59
3P0X1	Security Forces	1.67	1.67	702	4686	1000	700	300
1N6X1	Electronic Sys Security Assessment	1.67	1.61	7	47	95	67	29
3E9X1	Readiness	1.57	1.56	21	140	73	51	22
2T2X1	Air Transportation	1.54	1.54	134	895	460	322	138
3E8X1	EOD	1.53	1.53	30	201	201	141	60
1N1X1	Imagery Analysis	1.85	1.53	33	221	221	155	66
1A7X1	Aerial Gunner	1.51	1.51	10	68	0	0	0
3E7X1	Fire Protection	1.46	1.46	108	723	260	182	78
3E2X1	Pavement and Construction	1.15	1.45	51	345	40	28	12
2T3	Vehicle Maintenance	1.20	1.43	100	667	262	197	85
1N2X1	SIGINT Production	1.27	1.40	42	285	0	0	0

Integrity - Service - Excellence

Since 2001, we have exceeded our congressionally-mandated end-strength by more than 16,000 personnel. In light of the Global War on Terrorism and ongoing operations in Afghanistan and Iraq, this overage was appropriate. We are now working to get back to our mandated end-strength. We are addressing this issue in two ways: first, by reducing personnel overages in most skills, and second, by shaping the remaining force to meet mission requirements. To reduce personnel, we will employ a number of voluntary tools to restructure manning levels in Air Force specialties, while adjusting our active force size to the end-strength requirement. As we progress, we will evaluate the need to implement additional force-shaping steps.

We are also reviewing our Air Reserve Component (ARC) manpower to minimize involuntary mobilization of ARC forces for day-to-day, steady state operations while ensuring they are prepared to respond in times of crisis. Today, 20 percent of our AEF packages are comprised of citizen Airmen, and members of the Guard or Reserve conduct nearly all Operation NOBLE EAGLE missions in the skies over the U.S. Our Reserve component accounts for more than 72 percent of our tactical airlift capability, 42 percent of our strategic airlift capability, 52 percent of our air refueling capability, and possesses more than one-third of our strike fighters. The ARC also makes significant contributions to our rescue and support missions, and has an increasing presence in space, intelligence and information operations.



Air Reserve Component Mobilization

	ANG	AFRC	TOTAL
Mobilized	5,882	7,815	13,687
MPA Volunteers	2,093	925	3,018
Demobilized Processed (since 15 Apr 03)	15,525	7,059	22,584

Maximum Mobilized: 36,261 (15 Apr 03)

As of March 2004

Integrity - Service - Excellence

Yet, only about one-third of the entire ARC was mobilized for OEF and OIF. We recognize this is a challenge and, in FY05, we plan to redistribute forces in a number of mission areas among the Reserve and Active components to balance the burden on the active and reserve components. These missions include our Air and Space Operations Centers, remotely piloted aircraft systems, Combat Search and Rescue, Security Forces, and a number of high demand global mobility systems.

Future Total Force

Just as in combat overseas, we are continuing to pursue seamless ARC and active duty integration at home, leveraging the capabilities and characteristics of each component, while allowing each to retain their cultural identity. We continue to explore a variety of organizational initiatives to integrate our active, Guard, and Reserve forces. These efforts are intended to expand mission flexibility, create efficiencies in our Total Force, and prepare for the future. Today's Future Total Force team includes a number of blended or associate units that are programmed or are in use. The creation of the "blended" unit, the 116th Air Control Wing at Robins Air Force Base, Georgia, elevated integration to the next level. We are now examining opportunities to integrate active, Guard, and Reserve units elsewhere in order to produce even more measurable combat benefits, surge capacity, and cost efficiencies.

Renewing the Force

To renew our force, we target our recruitment to ensure a diverse force with the talent and commitment to be the best. In FY03, we exceeded our recruitment goals, accessing 5,419 officers and 37,144 enlisted. For FY04, we plan to access 5,795 officers and 37,000 enlisted.

In the Air Force, the capabilities we derive from diversity are vital to mission excellence and at the core of our strategy to maximize our combat capabilities. In this new era, successful military operations demand much greater agility, adaptability, and versatility to achieve and sustain success. This requires a force comprised of the best our nation has to offer, from every segment of society, trained and ready to go. Our focus is building a force that consists of men and women who possess keener international insights, foreign language proficiency, and wide-ranging cultural acumen, as well as new levels of technical expertise. Diversity of life experiences, education, culture and background is essential to help us achieve the asymmetric advantage we need to defend America's interests wherever threatened. Our strength comes from the collective application of our diverse talents, and is a critical component of the air and space dominance we enjoy today.

In addition to a diverse force, we also need the correct talent mix. For example, we remain concerned about recruiting individuals with technical degrees. To meet our needs, we continue to focus our efforts to ensure we attract and retain the right people. We will also closely monitor ARC recruitment. Historically, the Air National Guard and Air Force Reserve Command access close to 25 percent of eligible, separating active duty Air Force members with no break in service between their active duty and ARC service.

Developing the Future Force

In 2003, we implemented a new force development construct in order to get the right people in the right job at the right time with the right skills, knowledge, and experience. We have mapped out a deliberate approach to develop officers, enlisted, and civilians throughout our Total Force. Through targeted education, training, and mission-related experience, we will develop professional Airmen into joint force warriors with the skills needed across the tactical, operational, and strategic levels of conflict.

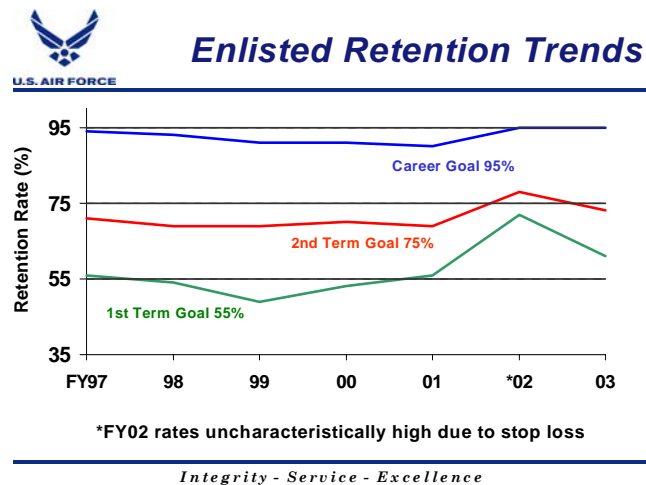
A segment of warriors requiring special attention is our cadre of space professionals – those that design, build, and operate our space systems. As military dependence on space grows, the Air Force continues to develop this cadre to meet our nation's needs. Our Space Professional Strategy is the roadmap for developing that cadre. Air Force space professionals will develop more in-depth expertise in operational and technical space specialties through tailored assignments, education, and training. This roadmap will result in a team of scientists, engineers, program managers, and operators skilled and knowledgeable in developing, acquiring, applying, sustaining and integrating space capabilities.

Sustaining the Force

Because the skill-sets of our Airmen are not easily replaced, we expend considerable effort to retain our people, especially those in high technology fields and those in whom we have invested significant education and training. In 2003, we reaped the benefits of an aggressive retention program, aided by a renewed focus on – and investment in –

education and individual development, enlistment and retention bonuses, and significant quality of life improvements in healthcare and housing.

Our FY 2003 enlisted retention numbers tell the story. Retention for first term Airmen stood at 61%, exceeding our goal by 6%. Retention for our second term and career Airmen was also impressive, achieving 73% and 95% respectively.



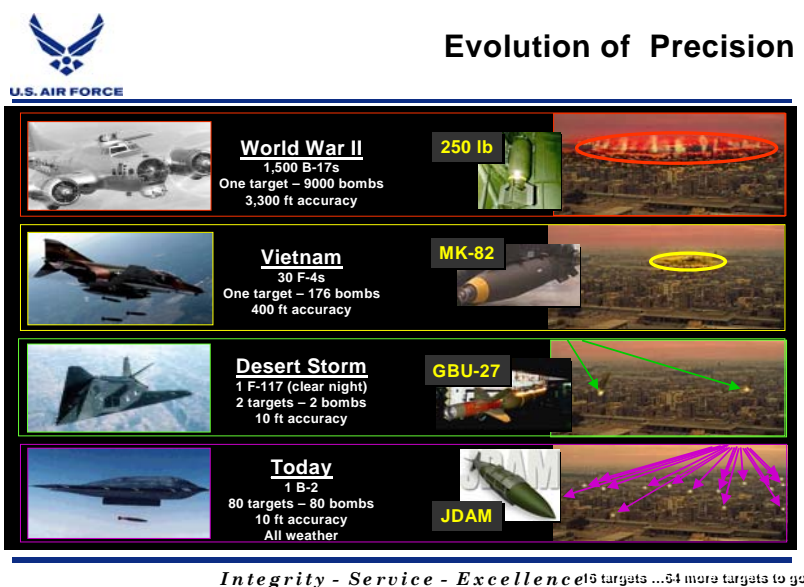
Force Management Priorities for FY 2004

Performance Goals for FY 2004

- Maintain a Diverse, Quality Force.
- Ensure Sustainable Military Tempo.
- Maintain Workforce Satisfaction.
- Maintain Reasonable Force Costs.
- Shape the Force of the Future.

OPERATIONAL RISKS

In 2003, U.S. and coalition military operations produced mission successes across the spectrum of conflict and around the globe. OIF was a joint and coalition warfighting effort from planning to execution. Air, ground, maritime and space forces worked together, at the same time for the same objectives, not merely staying out of each other's way, but orchestrated to achieve wartime objectives and real-time battlefield effects. Our air and space forces achieved dominance throughout the entire theater, enabling maritime and ground forces to operate without fear of enemy air attack. Our Airmen demonstrated the flexibility, speed, precision and compelling effects of air and space power, successfully engaging the full range of enemy targets, from the regime's leadership to fielded forces. When our ground and maritime components engaged the enemy, they were confident our Airmen would be there — either in advance of their attacks, or in support of their operations. These operational accomplishments illustrate the growing maturity of air and space power. It is our heritage to adapt and we will continue to do so. The evolving precision of USAF strike capabilities is demonstrative of this approach.



We are also investing in technologies that will enable us to create a fully integrated force of intelligence capabilities, manned, unmanned and space assets that communicate at the machine-to-machine level, and real-time global command and control (C2) of joint, allied and coalition forces. Collectively, these assets will enable compression of the targeting cycle and near-instantaneous global precision-strike.

As we cultivate new concepts of global engagement, we will adopt more agile, non-linear ways of integrating to achieve mission success. This change in thinking leads to evolving capabilities including networked communications; multi-mission platforms that fuse multi-spectral sensors with advanced stealth features; integrated global ISR; robust, all-weather weapons delivery with increased standoff; small smart weapons; remotely-

piloted and unattended aircraft systems; advanced air operations centers; more secure position, navigation, and timing; and a new generation of satellites with operationally responsive launch systems. Investment in our core competencies is the foundation of our preparation for future threats.

Our sustained investment in Airmen, technology, and integration has produced a fleet that is more capable and at a higher state of readiness than we've seen in the past six years. Fourteen of our twenty major systems have improved rates in FY03 over FY02. Additionally, our supply and cannibalization rates are the best levels we've seen since FY94 and FY 95 respectively.

Potential adversaries, however, continue to pursue capabilities that threaten the dominance we enjoy today. Double-digit surface-to-air missile systems are proliferating. Fifth-generation advanced aircraft with capabilities superior to our present fleet of frontline fighter/attack aircraft are in production. Advanced cruise missile technology is expanding, and information technology is spreading. Access to satellite communications, imagery, and use of the Global Positioning System (GPS) signal for navigation are now available for anyone willing to purchase the necessary equipment or services.

With this relentless technological progress, and potential parity of foreign nations, the mere maintenance of our aging aircraft and space systems will not suffice. Simply stated, our current fleet of legacy systems cannot always ensure air and space dominance in the future.

Despite increased readiness and significant investment in maintenance, we cannot stop the march of time. The age of our fleet continues to grow in all categories except strategic lift. And, even with an accelerated investment in our tanker fleet, we expect to be flying many of these aircraft after they reach more than 70 years of operational employment.



Average Age of Air Force Systems 2004 to 2009

<i>Mission</i>	<i>Average Age 2004</i>	<i>Average Age 2009</i>
Fighter/Attack	17	21
Bombers	29	34
Tankers	40	45
Strategic Lift	20	16
Tactical Lift	25	25
Operational Support Airlift	23	27

Integrity - Service - Excellence

To counter these trends, we are pursuing a range of strategies that will guide our modernization and recapitalization efforts. We are using a capabilities-based planning and budgeting process, an integrated and systematic risk assessment system, a commitment to shorter acquisition cycle times, and improved program oversight. Our goal is to integrate our combat, information warfare, and support systems to create a portfolio of air and space advantages.

Air Force Concepts of Operation – Mapping Our Warfighting Capabilities

The principal mechanisms that facilitate this process are our AF CONOPS. Through the CONOPS, we analyze problems we will be asked to solve for the Joint Force Commanders (JFCs), identify the capabilities our expeditionary forces need to accomplish their missions, and define the operational effects we expect to produce. Through this approach, we can make smarter decisions about future investments and tradeoffs, articulate the link between systems and employment concepts, and identify our capability gaps and risks.

The Air Force has established a capabilities-based approach to war planning that is closely aligned with National Security Strategy and DoD priorities, allowing us to focus investments on those key capabilities we need to support the joint warfighter. The Air Force has written six CONOPS that support capabilities-based planning and the joint vision of combat operations. The CONOPS help analyze the span of joint tasks we may be asked to perform and define the effects we can produce. Most important, they help us identify the capabilities an expeditionary force will need to accomplish its mission, creating a framework that enables us to shape our portfolio.

- Global Strike CONOPS employs joint power-projection capabilities to engage anti-access and high-value targets, gain access to denied battlespace, and maintain battlespace access for required joint/coalition follow-on operations.
- Global Persistent Attack CONOPS provides a spectrum of capabilities from major combat to peacekeeping and sustainment operations. Global Persistent Attack assumes that once access conditions are established there will be a need for persistent and sustained operations to maintain air, space, and information dominance.
- Space and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance CONOPS (Space and C4ISR) harnesses the integration of manned, unmanned, and space systems to provide persistent situation awareness and executable decision-quality information to the Joint Force Commander.
- Global Mobility CONOPS provides combatant commanders with the planning, command and control, and operations capabilities to enable timely and effective projection, employment, and sustainment of U.S. power in support of U.S. global interests – precision delivery for operational effect.

- Nuclear Response CONOPS provides the deterrent “umbrella” under which conventional forces operate, and, if deterrence fails, is capable of delivering a scalable response.
- Homeland Security CONOPS leverages Air Force capabilities with joint and interagency efforts to prevent, protect, and respond to threats against our homeland – within or beyond U.S. territories.

The priorities that emerge from the CONOPS guide a reformed acquisition process that includes more active and continuous partnerships among the requirement, development, operational test, and industry communities who work side-by-side at the program level. In our science and technology planning, we are also working to demonstrate and integrate promising technologies quickly by providing an operational “pull” that conveys a clear vision of the capabilities we need for the future.

We are applying this approach to our space systems as well. As the Defense Department’s Executive Agent for Space, we are producing innovative solutions for the most challenging national security problems. We have defined a series of priorities essential to delivering space-based capabilities to the joint warfighter and the Intelligence Community. Achieving mission success – in operations and acquisition – is our top priority. To achieve this exacting standard, we have many areas that require a sustained investment. We need to replace aging satellites, improve outmoded ground control stations, enhance space control capabilities to ensure freedom of action, sustain operationally responsive assured access to space, address bandwidth limitations, and focus space science and technology investment programs.

Learning Lessons from Operations

To improve upon the dominance we enjoy today, the Air Force will remain engaged with the other services, our coalition partners, interagency teams, and the aerospace industry. As we do, we will incorporate the lessons learned from rigorous evaluation of past operations, detailed analyses of ongoing combat operations, and thoughtful prediction of future needs.

The dynamic pace of operations in 2003 enabled us to validate the function and structure of our AEF CONOPS. Operations demanded more capability from our AEFs than at any time since their inception in 1998. However, for the first time we relied exclusively on our AEFs to present the full range of our capabilities to combatant commanders.

More than three-fourths of our active duty Airmen are eligible to deploy and are assigned to an AEF. Through much of 2003, Total Force capabilities from 8 of the 10 AEFs were engaged simultaneously in worldwide operations. The remaining elements were returning from operations, training, or preparing to relieve those currently engaged.

In 2004, we will continue to use the AEFs to meet our global requirements while concurrently reconstituting the force. Our number one reconstitution priority is returning our forces to a sustainable AEF battle rhythm while conducting combat operations. Attaining this goal is about revitalizing capabilities. For most Airmen, that will include a renewed emphasis on joint combined force training and preparation for rotations in the AEF.

Operational Priorities for FY 2004

Performance Goals for FY 2004

- Introduce uncertainty, surprise, & asymmetry into calculus of potential adversaries.
- Develop new concepts and capabilities to help anticipate a potential adversary's actions.
- Gain operational access in denied environments.
- Obviate or mitigate the value of Weapons of Mass Destruction to our enemies.
- Expand interagency cooperation to include Joint Services, other Government Departments, our allies and coalition partners.
- Assist USNORTHCOM as it develops Homeland Security Interagency CONOPS.
- Develop AF force structure to meet defensive strategy missions, including Air Defense Levels 1-5, missile defense, and rotational force requirements.
- Develop mid- to far-term AF force structure projections that incorporate future concepts and technologies while supporting our 10 AEFs.
- These alternatives will seek to optimize our force structure mix by investments in:
 - Advanced Air Dominance and Strike Systems
 - Long Range Strike & Close Air Support, including Battlefield Airmen
 - A Sensing Portfolio of Manned, Unmanned, and Space Systems
 - Joint Warfighting Space – Strategic, Operational, & Focused Effects from Space
 - Advanced Munitions – Standoff, Precise, and Stealthy
 - Global Mobility (including Expeditionary Combat Support)
 - Special Operations Capabilities
 - Command and Control Capabilities
 - Cruise Missile Defense

INSTITUTIONAL RISKS

The DoD has mandated that we shift our focus and our resources from bureaucracy to battlefield, from tail to tooth. The Air Force understands that winning future conflicts will depend on how effectively and cost-efficiently we deliver the right resources to support our warfighters. If the potential of air and space power is to be fully exploited as a joint force enabler, we must ensure that DoD's future force objectives are met with adaptive and dynamic planning and budgeting, innovative and integrated technology and total systems solutions, all grounded in results-based management practices. We will:

- Drive cross-functional integration and modernization in Air Force core processes, particularly through implementation of business transformation.
- Create a capability-focused enterprise that maps our operational and support processes to our core processes to directly support the success of our warfighting mission.
- Link resources and performance to key strategic goals, institutionalizing capabilities-based planning, risk management, and business "best practices."
- Streamline the planning, programming, budgeting, and execution process to align with the new DoD two-year cycle and improve financial management of overhead & direct costs.
- Increase the visibility of trade space through the use of the Enhanced Tradespace Tool.
- Promote rapid adoption of the Adaptive Joint Planning Process.
- Work with DoD & the defense industry to reduce acquisition cycle times & cost growth.
- Realign support to warfighters through enhanced interagency processes and integrated systems, especially in intelligence and information sharing.

As we continue to support a high level of contingency operations, we will evaluate, implement, and validate a host of breakthrough technological advances, organizational changes, and operational concepts that enable our Airmen to achieve desired effects on the battlefield faster and with greater precision than at any time in the history of warfare.

Revolutionizing the Technology-to-Warfighting Process

The goal of Air Force innovation is the timely development and integration of new or improved technologies, capabilities, concepts, and processes into Air Force operations. Air Force innovation must be continuous and comprehensive over the near-, mid-, and far-term. We must also continually improve our acquisition, logistics, maintenance, training, and other corporate processes as they ultimately determine our overall enterprise effectiveness and directly sustain combat capabilities. This includes the management of human resources, finances, contracts, property and equipment, and networked information technology.

As a global leader in the military application of air, space, and C4ISR technology, the Air Force is committed to innovation as the catalyst driving sustained research and development. This process flows from vision to military strategy and effects-based planning, to operational concepts, and then to capabilities.

Air Force Effects Management Program

In 2003, in response to the transformation of DoD's strategic management of the business of warfighting, we have introduced an effects-based management program that will ensure greater accountability and improved performance throughout the organizational Air Force.

The Report of the 2001 Quadrennial Defense Review provided a new risk management planning and decision-making framework to help the Defense Department and the services balance investment priorities against performance risks in meeting America's most critical national security requirements. If we are to develop a more effective, better-integrated "strategy-focused organization," performance management will be the key linking strategic objectives and effects-based planning, programming and budgeting to warfighter performance.

To achieve this end-state, the Air Force decided to restructure its existing Performance Management Program (AFI 90-1102) to more closely align with DoD's balanced scorecard. In this restructuring, we shaped our measurement strategy on the current four risk areas. Beginning with the FY 2004 President's Budget, DoD will use this structure to combine the Annual Defense Report, Government Performance and Results Act (GPRA) performance plan, and GPRA performance report into a single document, reflecting performance measures or metrics consistent with the President's Management Agenda. As a result, our service's budget will become increasingly tied to our performance as weighed against these measures.

Commanders Integrated Product Team and Business Transformation

The Air Force is moving to enact business transformation from an integrated enterprise perspective, examining every process and associated link, streamlining the Strategic Resource Planning Process in accordance with new DoD directives on capabilities-based planning, programming, and budgeting cycles. The Air Force business transformation vision for the future is a single, capability-focused enterprise that delivers what the warfighter needs, when he needs it, and uses industry "best practices" to reduce overhead and direct costs. Our principal goal is to fashion a fast, flexible, agile, integrated business infrastructure that supports and enables lethal combat forces. These are the short-term targets:

- Streamline our acquisition and contracting regulations.

- Authorize high powered teams of requirements and acquisition professionals to create spiral development plans that deliver initial capability to warfighters more quickly, and add capability increments in future spirals.
- Implement a Reformed Supply Support Program to improve the spares acquisition process by integrating the support contractor into the government supply system.

Improving the Science and Technology Planning and Collaboration Process

Our investment in science and technology continues to be the cornerstone of our modernization and recapitalization program. The Air Force science and technology program fosters development of joint warfighting capabilities and integrated technologies that are consistent with DoD and national priorities. We will provide strategic, long-term, stable investments in areas that will immediately benefit existing systems and in leap ahead technologies that will improve tomorrow's Air Force. Many Air Force science and technology programs — such as directed energy, hypersonics, laser-based communications, and the emerging field of nanotechnology — show great promise for joint warfighting capabilities.

Streamlining the Acquisition Process

Our Agile Acquisition initiative emphasizes speed and credibility: we must deliver what we promise — on time and on budget. Our goal is to deliver affordable, sustainable capabilities that meet the operational needs of joint warfighters. We continue to improve our acquisition system — breaking down organizational barriers, changing work culture through aggressive training, and reforming processes with policies that encourage innovation and collaboration.

Developing and fielding weapon systems in today's dynamic threat environment with rapidly evolving technologies demands changes to the process the Air Force uses to acquire those systems. The Air Force has made progress in adopting innovative business “best practices” to decrease acquisition cycle time and increase flexibility in program performance. Achieving these goals requires closer collaboration among all the stakeholders in the acquisition process, including the warfighter, financial management, the labs, engineering, testing, program management, contracting, and the industrial base.

We are working toward the following goals:

- **Realigning our Program Executive Officers (PEOs).** By moving our PEOs out of Washington and making them commanders of our product centers, we have aligned both acquisition accountability and resources under our most experienced general officers and acquisition professionals.
- **Creating a culture of innovation.** We will continue to focus on enhanced training. Laying the foundation for change, this past year 16,500 Air Force acquisition professionals, and hundreds of personnel from other disciplines,

attended training sessions underscoring the need for collaboration, innovation, reasonable risk management and a sense of urgency in our approach.

- **Reducing Total Ownership Costs.** With strong support from the Secretary of Defense, we will expand the Reduction in Total Ownership Cost program with a standard model ensuring that we have accurate metrics.
- **Moving technology from the lab to the warfighter quickly.** Laboratories must focus on warfighter requirements and researchers need to ensure technologies are mature, producible, and supportable. Warfighters will work with scientists, acquisition experts, and major commands to identify gaps in capabilities.
- **Tailoring acquisition methods for space systems.** In October 2003, we issued a new acquisition policy for space systems that will improve acquisitions by tailoring acquisition procedures to the unique demands of space systems.

The next steps in Agile Acquisition include developing a collaborative requirements process, a seamless verification process, and a focused technology process. A collaborative requirements process — starting with joint and AF CONOPS — will demand that the warfighter, acquirer, and tester work as one team from the outset and throughout the development of a weapon system. A seamless verification process will necessitate the merger of developmental and operational tests into complementary, synergistic activities. Closer collaboration with the science and technology communities will bring more mature technologies into programs, adding operational capabilities and avoiding delays.

Recapitalizing Air And Space Capabilities

As the Air Force positions itself to meet the challenges of a rapidly changing and increasingly threatening global environment, rebuilding an aging infrastructure and modernizing weapons platforms and systems are issues of paramount importance. The key to Air Force readiness is a dynamic, well structured recapitalization planning process that will ensure tomorrow's warfighters have the advanced tools, technology, and equipment they need to win the battle for airspace dominance. The reality is that the nation's mid- and long-term air power readiness is at significant risk.

We are now faced with a troubling situation in which large quantities of aircraft are getting older, less capable, and more expensive to maintain — all at the same time — just as our nation is facing dynamic challenges and new threats in a different kind of widespread, asymmetric, protracted conflict. To meet this challenge, the Air Force must follow a smart, logical approach to acquisition planning that will accelerate recapitalization. Such a framework will prevent the need for large-scale procurement spikes and avoid critical modernization gaps.

Recapitalization of our airframes and weapons systems is only a portion of the problem. Additional investment is required to upgrade the Air Force's infrastructure and physical

plant. To be effective in its fulfilling our mission requirements in a changing world, the Air Force's recapitalization framework will remain linked with joint service transformation goals, AEF CONOPS capabilities, and a smarter, more streamlined strategic planning process.

Our objectives cannot be realized without the incorporation of unique new capabilities, leading edge technologies, and more efficient weapons systems. Simply stated, our legacy systems cannot ensure air dominance in future engagements — the pivotal element in successful joint force access and operations. Although ultimately solving recapitalization problems requires acquisition of new systems, we must continue to find innovative means to employ current systems, and we must invest in our legacy aircraft to hedge against future uncertainties.

Infrastructure Strategy

Reconstituting and reconfiguring our expeditionary basing systems and wartime stocks is a critical element of our force projection planning. While we have made significant strides in funding, we require renewed investments in base systems, vehicles, spares, munitions, and pre-positioning assets. Deteriorating airfields, hangars, waterlines, electrical networks, and air traffic control approach and landing systems are just some of the infrastructure elements needing immediate attention.

Our infrastructure investment strategy focuses on three simultaneous steps. First, after a thorough examination, we must dispose of excess facilities. Second, we must fully sustain our facilities and infrastructure systems so they remain combat effective throughout their expected life. Third, we must establish a steady investment program to restore and modernize our facilities and systems, while advancing our ability to protect our people and resources from the growing threat of terrorism at current, planned, and future operating locations. Our approach will allow us to replace, renovate, or privatize more than 10,400 family housing units, over 10% of our total inventory. This keeps us on track to eliminate inadequate housing in CONUS by 2007, our four northern tier bases by 2008, and in our overseas housing by 2009. Our investment plan balances new mission beddowns, force structure changes, and quality of life projects while maintaining our infrastructure. Our Military Construction strategy keeps us on target to reduce our recapitalization rate to 67 years, keeping our word to our Airmen.

Our Depot Maintenance Strategy and Master Plan calls for financial and infrastructure capitalization to ensure Air Force hardware is safe and ready to operate across the threat spectrum. Increased funding for depot facilities and equipment modernization in FY04-09, along with public-private partnerships, will result in more responsive support to the Joint Forces Commander through Agile Combat Support. We expect to maximize production and throughput of weapons systems and commodities that will improve overall mission capability.

Our logistics transformation initiative will revolutionize logistics processes to improve warfighter support and reduce costs. Our goal is to increase weapon system availability by 20% with zero cost growth. Our current initiatives — depot maintenance transformation, purchasing and supply chain management, regionalized intermediate repair, and improved logistics command and control — will transform the entire logistics enterprise.

The Capabilities Review and Risk Assessment (CRRA) process guides our investment program. Replacing an outdated threat-based review process that focused on platforms versus current and future warfighting effects and capabilities, our extensive two-year assessment identified and prioritized critical operational shortfalls we will use to guide our investment strategy. These priorities present the most immediate Air Force-wide capability objectives.

First, we need to field capabilities that allow us to reduce the time required to find, fix, track and target fleeting and mobile targets and other hostile forces. One system that addresses this operational shortfall is the F/A-22 Raptor. The F/A-22 is in low rate initial production and has begun Phase I of its operational testing. It is on track for initial operational capability in 2005. The F-35 Joint Strike Fighter provides a complementary capability, providing sustainable, focused close air support and interservice and coalition commonality.

There is also a need for a globally interconnected capability that collects, processes, stores, disseminates, and manages information on demand to warfighters, policy makers, and support personnel. The C2 Constellation, our capstone concept for achieving the integration of air and space operations, includes these concepts and the future capabilities of the Global Information Grid, Net Centric Enterprise Services, Transformational Communications, the JTRS, and MC2A, among others.

One of the key elements in the National Security Strategy is the ability to maintain U.S. power projection capabilities. The ongoing Global War on Terror confirms the necessity of an enhanced Air Force aerial refueling capability, and the CRRA process has validated an operational need to invest in this capability. Our current fleet of aging tankers met the challenges of operations in Afghanistan and Iraq — but is increasingly expensive to maintain. Recapitalization for this fleet of some 600 aerial refueling aircraft will clearly take decades to complete and is vital to the foundation and global reach of our Air Force, sister services, and coalition partners. It is essential that we invest in an affordable, but timely solutions that will increase tanker fuel offload, availability, reliability, and flexibility for force employment.

Capabilities-driven modernization and recapitalization efforts are also taking place on our space systems, as we replace constellations of satellites and ground systems with next generation capabilities. Using two launch designs, our Evolved Expendable Launch

Vehicles will improve our ability to provide assured access to space. Space-Based Radar will provide a complementary capability to our portfolio sensing systems. We will employ Internet protocol networks and high-bandwidth lasers in space to transform communications with the Transformational Satellite, dramatically increasing connectivity to the warfighter. Finally, modernization of the Global Positioning System (GPS) and development of the next-generation GPS III will enhance navigation capability and increase our resistance to jamming.

Institutional Priorities for FY 2004

Performance Goals for FY 2004

- Use an effects- and capabilities-based planning and programming process as the foundation for developing the Air Force PM for FY06-11.
- Reduce overseas footprint—invest in infrastructure to support flexible basing options.
- Employ a reformed acquisition process that includes active partnership among the scientific, industry, and R&D communities.
- Ensure new systems are relevant to jointness and asymmetric nature of warfare.
- Sustain AF Science & Technology funding at 3% of TOA and promote R&D in the private sector through innovation incubators, “seed money” and venture startups.
- Hedge future uncertainties by investing in portfolio of military capabilities, accelerate and fund transformational systems supporting joint integration goals.

MEETING THE RISK OF FUTURE CHALLENGES

The imperatives of this era demand that we modify our legacy systems, as well as the systems currently under development, and ensure that when employed, we use them in ways that are suitable to the national defense strategies we support and the missions we perform. Advances in GPS-aided munitions, low observable technologies, space-based systems, manipulation of information, joint integration and communications, and smart weapons have revolutionized the way in which we conduct war. Many of these programs bridge the gap from the Cold War to the era of asymmetric war — and they signal a new direction in how we apply the tools of air and space power to meet the challenges of joint force transformation.

Creating an Integrated Global Information Architecture

We are focused on an enterprise approach to warfighting integration that brings together the operational experience and the technical expertise of diverse elements (C4ISR, systems integration, modeling and simulation, and enterprise architecture specialties), will close the seams in the “kill chain” by guiding the cross-platform/cross-service integration of manned, unmanned, and space C4ISR systems.

Central to our role as the DoD Executive Agent for Space, the Air Force serves as the joint forces integrator of the global information grid — the essential foundation of network-centric warfare. In conjunction with the other services and agencies, we are shaping a comprehensive approach to national security space management and organization. Our capstone objective is to realize the enormous potential in the ultimate high ground of space, and to employ the full spectrum of space-based capabilities to enable joint warfighting.

Integrating Global Operations — Key to Rapid Global Response

Integration takes place at three levels. At the joint strategic level, integration occurs between the Joint Force Commander and the joint air, land and naval forces at his disposal, allies and coalition forces, as well as other government agencies. Integration also takes place within the Air Force at an organizational level. At its most basic, integration takes place at the machine-to-machine level to achieve universal information-sharing, facilitating comprehensive integration across the spectrum of conflict — and enabling network-centric warfare.

Integrating Joint, Coalition, and Interagency Operations

The dynamics of global events will drive the need to integrate DoD and interagency capabilities and, in most cases, those of our coalition partners. Joint solutions are required to produce warfighting effects with the speed that the Global War on Terror demands. Fully integrated operations employ only the right forces and capabilities necessary to achieve a strategic objective in the most efficient manner. We are pursuing adaptations of our command and control organizations and capabilities, space-based assets, and intelligence relationships to support this vision.

We are also adapting the capabilities of our Combat Air Operations Centers (CAOCs). The CAOCs of each headquarters will be interconnected with the theater CAOCs, all operating 24 hours a day, seven days a week. They will be operated as a comprehensive weapons system, certified and standardized, and have cognizance of the entire air and space picture. This reorganization will considerably enhance our ability to support combatant commanders, reduce redundancies, and deliver precise effects to the warfighters.

Integrated operations also depend on integrated training. We continue to advance joint and combined interoperability training with our sister services and the nations with which we participate in global operations. Integrating live, virtual, and constructive training environments into a single training realm using a distributed mission operations capability, the Joint National Training Capability (JNTC) will improve our opportunities for joint training. Training in 2004 will benefit from improved instrumentation and links

to other ranges as well as the ability to supplement live training with virtual or constructive options.

Integrating within the Air Force — Air and Space Expeditionary Forces

The Air Force is continuing to strengthen and refine its AEF CONOPS. The AEF enables rapid build-up and redeployment of air and space power without a lapse in the Air Force's ability to support a combatant commander's operations. The Air Force provides forces to combatant commanders according to the AEF Presence Policy, the Air Force portion of DoD's Joint Presence Policy.

There are ten AEFs, and each AEF provides a portfolio of capabilities and force modules. At any given time, two AEFs are postured to immediately provide these capabilities. The other eight are in various stages of rest, training, spin-up, or standby. The AEF is how the Air Force organizes, trains, equips, and sustains responsive air and space forces to meet the key defense strategy requirements outlined in the Strategic Planning Guidance.

Machine-to-Machine Integration

We also strive to increasingly integrate operations at the most basic level – electron to electron. Collecting intelligence, communicating information, and bringing warfighting capabilities to bear in combat with accuracy, speed, and power requires assured access and the seamless, horizontal integration of systems, activities and expertise across all manned, unmanned, and space capabilities. Such integration will dramatically shorten the kill chain.

We want a system where information is made available and delivered without regard to the source of the information, who analyzed the information, or who disseminated the information. The culmination of the effort is the cursor over the target. It is a precise effect we seek – and what we will deliver is lethal accuracy.

The C2 Constellation is the Air Force capstone concept for achieving the integration of air and space operations. Our vision of the C2 Constellation is a robust, protected network infrastructure, a globally-based command and control system to encompass all levels of the battlespace and allow machines to do the integration and fusion of data. It uses Battle Management Command and Control and Connectivity and consists of command centers, sensors, and systems like the U-2, Space Based Radar, the Distributed Common Ground System, and our CAOCs. Given the C2 Constellation's complexity, we recognize the need for a joint information architecture to address myriad systems integration issues.

Lessons for the Future

As we continue combat operations and prepare for an uncertain future, we are examining lessons from our recent experiences. Although we are currently engaged with each of the other services to refine the lessons from Operation IRAQI FREEDOM, many of the priorities in our future investment strategy reflect our preliminary conclusions. Working closely with our joint partners, we intend to continue our momentum toward an even more effective fighting force.

The authors of the Goldwater-Nichols Act envisioned one of the most important lessons learned. Operations in Afghanistan and Iraq validated jointness as the only acceptable method of fighting and winning this nation's wars. In Iraq, the mature relationship between the Combined Forces Land Component Commander (CFLCC) and the Combined Forces Air Component Commander (CFACC) led to unprecedented synergies. Another lesson was validation of the need for air and space superiority. Without having to defend against Iraqi airpower, coalition commanders could focus their combat power more effectively. In addition, air and space superiority allowed Airmen to dedicate more sorties in support the coalition scheme of maneuver, substantially reducing enemy capability in advance of the land component.

Finally, there are three general areas for improvement we consider imperative: battle damage assessment, fratricide prevention/combat identification, and equipping our battlefield Airmen. Precision engagement requires precision location, identification, and precision assessment. Effective and timely battle damage assessment shapes the commander's ability for efficient employment of military power. Restriking targets that have already been destroyed, damaged, or made irrelevant by rapid ground force advances wastes sorties that could be devoted to other coalition and joint force objectives.

We are also improving operational procedures and technology to minimize incidents of fratricide or "friendly fire." In Iraq, major steps toward this goal resulted from technological solutions. Blue Force Tracker and other combat identification systems on many ground force vehicles allowed commanders situational awareness of their forces and enemy forces via a common operational picture. Still, not all joint or coalition forces are equipped with these technological advances. We are pursuing Fire Support Coordination Measures that capitalize on the speed and precise situational awareness of digital communications rather than analog voice communications and grease pencils.

A third area we are actively improving is the effectiveness of the Airmen who are embedded with conventional land or Special Forces. With assured access to Air Force datalinks and satellites, these "battlefield airmen" can punch data coordinates directly into air-land-sea weapons systems and enable joint force command and control.

The air and space warriors of America's Air Force have demonstrated their expertise and the value of their contribution to the joint and coalition fight. These combat operations are made possible by Air Force investments in realistic training and education, superior organization, advanced technology, and innovative tactics, techniques, and procedures. In the future, our focus will be to determine the appropriate capabilities required for joint warfighting and to provide maximum effects from, through, and in air and space.

Future Challenges Priorities for FY 2004

Performance Goals for FY 2004

- Support the development of Joint Operating Concepts and participate in Joint Experiments to support future warfighting.
- Develop more effective organizations, including future warfighting headquarters focused on planning and execution in support of the Combatant Commander.
- Define Future Human Capital Skills and Competencies.

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